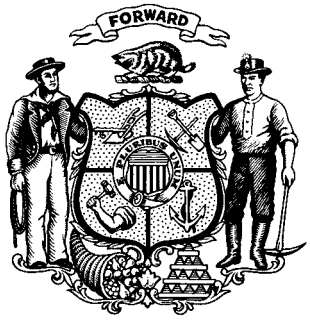

State of Wisconsin

BadgerCare Waiver Extension Request

March 2003

Wisconsin Department
Of Health and Family Services

Helene Nelson
Secretary

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Introduction

During the decade between 1987 and 1997, Wisconsin was a national leader in the area of welfare reform. Based in part upon the welfare reform efforts in Wisconsin, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 which dramatically transformed the nation's welfare system. Following passage of welfare reform in Wisconsin in 1997, Congress passed the federal Balanced Budget Act containing a ten-year $40 billion program known as the State Children's Health Insurance Plan (SCHIP). The intent of this federal program, also known as Title XXI of the Social Security Act, was to expand health insurance coverage to uninsured, low-income children. The program was designed to give states flexibility to create individual programs to provide health care coverage to low-income children. It was this federal legislation that allowed for the creation of BadgerCare.

The SCHIP program provided states with an opportunity to create new programs to insure low-income children, or to expand individual Medicaid programs to cover low-income children. Employing this new federal flexibility granted under the SCHIP legislation, the Wisconsin Legislature, through the 1997-99 state budget (1997 WI Act 27) authorized the creation of BadgerCare under §49.665 of the Wisconsin Statutes. BadgerCare was created as an expansion of the State's Medicaid program.

In January 1999, Wisconsin was granted a federal waiver to implement BadgerCare under Title XIX as a section 1115(a) demonstration program. The Wisconsin BadgerCare program (project No. 11-W-00125/5) began enrollment in July 1999.

In January 2001, Wisconsin received approval from the Centers for Medicare and Medicaid (CMS) to amend the BadgerCare demonstration project under Title XXI. This waiver amendment allowed Wisconsin to cover parents of low-income children under Title XXI funding rather than under Title XIX. This amendment allowed Wisconsin to cover parents enrolled in BadgerCare at a 71 percent federal match rate. Prior to receiving this amendment, Wisconsin was only permitted to claim a 59 percent federal match rate for parents.

The Division of Health Care Financing in the Wisconsin Department of Health and Family Services administers the BadgerCare program.

This document, in part, constitutes Wisconsin's request for a three-year waiver extension for the Wisconsin BadgerCare program.

Supporting Documentation

1) BadgerCare Objectives

This section reiterates the objectives established at the time BadgerCare was proposed.

BadgerCare was created as a health insurance program for low-income working families with children. The concept behind BadgerCare was to provide health care coverage to families with incomes too high for Medicaid and yet still did not have access to health insurance. By extending health care coverage to uninsured low-income families, BadgerCare sought to provide a safeguard against increasing the number of uninsured families and children as a result of Wisconsin's welfare reform efforts.

Further, policy makers created BadgerCare with the understanding that many families who join the workforce have access to affordable, employer-provided health care. However, for others, it was considered that the lack of access to health care could be a disincentive to work. Therefore, BadgerCare sought to bridge the gap between low-income Medicaid coverage and employer-provided health care coverage.

BadgerCare aided Wisconsin in the effort to reform the cash-based welfare system. Over the nearly four years of BadgerCare enrollment, Wisconsin has achieved measurable success in reforming its welfare system. As a result of successfully moving people off welfare, BadgerCare has now become a safety net for low-income families with children, many of whom have never been enrolled in Medicaid.

According to the 2001 Wisconsin Family Health Survey, only 4 percent of the estimated 2221,000 households in Wisconsin had no health insurance of any kind in the previous 12 months. On a national level, since the beginning of BadgerCare, Wisconsin has consistently ranked among the top states in the nation for having the least number of residents without health care insurance. In fact, according to the Kaiser Family Foundation, Wisconsin currently ranks sixth among states with the lowest level of uninsured population.

As of February 2003, BadgerCare enrolled over 105,300 low-income people. Over 35,228 low-income children now have health care coverage as a result of BadgerCare. Moreover, because federal regulations require BadgerCare applicants to first be screened for Medicaid eligibility, BadgerCare has provided health care coverage to over 71,800 children through the State's Medicaid program.

To qualify for BadgerCare the following requirements must be met:

- Low-income uninsured families who are not eligible for Medicaid qualify for BadgerCare if family income is at or below 185 percent of the federal poverty level. Families remain eligible for BadgerCare until their income exceeds 200 percent of the federal poverty level (FPL).

- No asset test is required to enroll in BadgerCare.

- Families that currently have, or have had, insurance in the past three months, or who have had access to a group health insurance plan in which their employer pays at least 80 percent of the monthly premium, are not eligible for BadgerCare.

- Most BadgerCare families are enrolled in the Wisconsin Medicaid managed care Health Maintenance Organization (HMO) program. However, BadgerCare can pay premiums to enroll families into their employer-sponsored health insurance. To qualify for the Health Insurance Premium Purchase (HIPP) program, the employer must pay at least 40 percent, but less than 80 percent, of a family premium. In addition, the cost of the family premium, plus wraparound services equal to BadgerCare coverage, must be cost-effective compared to BadgerCare HMO coverage for the family. As of February 2003, 104 families were enrolled in HIPP.

- Families with an income at or above 150 percent of the federal poverty level pay a premium equal to 3 percent of their income.

The graph in Appendix A demonstrates the success BadgerCare has had in extending health care coverage to low-income working people. The graph shows the rapid enrollment growth that occurred in the first demonstration year and reflects the high level of initial interest in the program. In demonstration year two through four, the graph shows the reach of BadgerCare as reflected by steady and continued enrollment growth. Our research of those currently enrolled in BadgerCare demonstrates the following:

- Twenty nine percent of families enrolled in BadgerCare are poor and have income under 100 percent of the FPL.

- Fifty five percent of BadgerCare families are between 100 percent and 150 percent of the FPL.

- Sixteen percent of BadgerCare families are between 150 percent and 200 percent of the FPL.

- Virtually all uninsured children under 200 percent of the FPL in Wisconsin are enrolled in BadgerCare.

- Ninety five percent of BadgerCare parents and children are in working families.

- Almost 40 percent of families in BadgerCare have moved up the economic ladder from Medicaid to BadgerCare.

- Fifty percent of those in BadgerCare do not have family coverage for dependents. No one enrolled in BadgerCare has access to affordable health care coverage where the employer pays 80 percent of family plan cost.

- Over 60 percent of BadgerCare families have never been on Medicaid.

2) Special Terms and Conditions

This section demonstrates that Wisconsin has successfully complied with the special terms and conditions as outlined in the documentation we received on January 18, 2001, entitled: Health Care Financing Administration Special Terms and Conditions.

Coordination With Other Waivers or Programs

The State's Title XXI Children's Health Insurance Program, as approved on May 29, 1998, and amended on December 30, 1998, continues to operate concurrently with the Section 1115(a) demonstration.

Enrollment Limits

Wisconsin residents with a net family income not greater than 185 percent of the Federal Poverty Level (FPL) meet the income eligibility requirement for BadgerCare. Under

BadgerCare guidelines an applicant is an individual who has not received Medicaid or BadgerCare in the previous month, or who was not part of a family that was receiving BadgerCare in the previous month. Recipients with a total family income that does not exceed 200 percent of the FPL remain eligible for BadgerCare. Under BadgerCare, recipients are individuals who are receiving BadgerCare in the previous month, or who are part of a family that was receiving BadgerCare in the previous month.

The State has not closed BadgerCare enrollment, instituted a waiting list, or decreased eligibility standards with respect to the approved Title XXI State plan and Demonstration Population 1. No enrollment changes have occurred during the Title XIX demonstration.

Beneficiary Marketing, Education, and Enrollment

All marketing of BadgerCare has been conducted in accordance with CMS' marketing guidelines. The attached marketing brochure illustrates that our BadgerCare material has followed CMS' requirement to have marketing material written in simple form with easily understood prose.

The Department requires that any marketing done by HMOs must be submitted to the Department for prior written approval. This requirement includes marketing material or informing material that is produced by providers under contract with the HMO or owned by the HMO. In addition, the Department prohibits the following marketing practices:

- Practices that are discriminatory;
- Practices that seek to influence enrollment in conjunction with the sale of any other insurance product;
- Direct or indirect cold calls, either door-to-door or by telephone;
- Offer of material or financial gain to potential members as an inducement to enroll;
- Activities and material that could mislead, confuse or defraud consumers;
- Material that contains false information; and
- Practices that are reasonably expected to have the effect of denying or discouraging enrollment.

The following represents a chronology of BadgerCare marketing and outreach efforts employed during the course of the BadgerCare demonstration project.

1) Fall 1997 – Spring 1998

- Planning for and implementation of Medicaid training sessions for local income maintenance agency staff on Medicaid basics and special topics such as AFDC and AFDC-related Medicaid, Healthy Start, Presumptive Eligibility, Deductibles, Institutions, SSI and SSI-related, etc.

- Planning for and implementation of Medicaid training to be delivered to community groups and health care providers on Medicaid program by HMO enrollment contractor, Automated Health Systems, Inc.

- The Department planned and conducted a direct mail campaign to 18,000 families whose AFDC case closed for reasons such as "family request" or "lack of review". Informational telephone surveys of the larger social service agencies provided information that the mailing did not have a significant impact on Medicaid applications. In addition, caseload data did not show any increase in applications during the time period of the mailing.

- W-2 and Medicaid Brochure, explains the difference between the programs and that Medicaid is an entitlement. Distribution statewide of more than 600,000 brochures and posters in English, Spanish, and Hmong.

- The Medicaid and BadgerCare Recipient Services hotline (1-800-362-3002) was initiated and operated by the state's fiscal agent. The hotline provided expanded services and evening and weekend hours. In addition to general program information, callers receive assistance in how and where to apply for Medicaid and BadgerCare and obtain help in resolving case problems. Staff at the hotline provide trouble-shooting services and research case-specific problems, including computer systems issues. These services are now available weekdays until 9 p.m. and all day Saturday. The hotline averages about 1,000 calls each day.

2) June 1998 – December 1999

- Outreach grants totaling $2.3 million to local public health departments to assist uninsured families in gaining access to Medicaid and BadgerCare. Contributions to outreach include these efforts: Healthy Start outreach, "Back to School" initiatives, and outreach targeted to immunization activities.

- Eligibility outstationing grants totaling $2.3 million to local social service departments to implement a variety of projects. Outstationing proved to be very successful both in terms of increasing participation and customer satisfaction by making the application site and time for Medicaid and BadgerCare more convenient.

- Outreach grants to tribal agencies provided staffing to tribal health clinics to do outreach and benefits counseling to tribal members.

- Wisconsin was an active participant in the National Governor's Association "Insure Kids Now" campaign, which promotes the states ' health insurance programs for children through national TV and local radio advertising, plus other promotions.

- Special customer service resources, including funding for a community help line and advocacy services in Milwaukee. Advocacy forums to address problems in the delivery system.

3) Spring 1999

- A brochure entitled "*Need Help Paying for Your Children's Health Care"* were distributed in spring of 1999. Distribution statewide of more than 600,000 brochures and posters in English, Spanish, and Hmong.

- A TV ad called *"The Birthday Party"* promoted the importance of health insurance for children in Wisconsin since early 1999. This ad encouraged families to explore Medicaid coverage for their children. The ad was run in all major TV markets in Wisconsin in spring of 1999. Caseload data did not show any increase in applications during this time period.

- As part of an outreach grant from the Department, and in response to demand for customer service in Spanish and Hmong, the Latino Health Organization in the southeastern part of the state (Milwaukee, Waukesha, Racine, and Kenosha) ran Medicaid TV and radio ads in Spanish, radio ads in Hmong. Applications for Medicaid and BadgerCare increased at local community organizations as a result of this effort.

- A Madison-based advocacy organization, ABC for Health, Inc., provided training and technical assistance statewide to community agencies to disseminate the lessons learned from a very successful Healthy Start outreach initiative in three rural counties in the northwestern part of the state. Initial grant resulted in a current Covering Kids grant in the state.

- Medicaid and BadgerCare brochures, fact sheets, and other products were introduced on the Department's web home page at **www.dhfs.state.wi.us**. Other additions included caseload information reported both by county, and statewide. This information allowed tracking of monthly participation; and demographic reports describing the Wisconsin population that is below 200 percent of poverty and uninsured, to help inform outreach efforts.

- Additional funding for local social service agencies before BadgerCare implementation allowed for effective local planning to deal with caseload increases.

- Customer service was improved with the connection and training of local social service agency staff on the use of the state Medicaid Management Information System.

4) July 1999 – December 1999

- In addition to the statewide services, specialized services for customers in Milwaukee County were offered during the start-up of BadgerCare. Staff at this hotline were trained to mail out application materials to families and to assist families in navigating the eligibility determination system in the Milwaukee County, which represents about one-third of the statewide Medicaid caseload. This hotline averages 500 calls per week.

- In addition to the Milwaukee specific phone number, the county set up a special unit to process BadgerCare case conversions and deal with start-up problems.

- Starting in July, the Department expanded initial application receipt activities at the Healthy Start sites to include eligibility for family Medicaid and BadgerCare. The sites included all Federally Qualified Health Centers and Disproportionate Share Hospitals throughout the state.

- An ad featuring Wisconsin Governor Tommy G. Thompson introducing BadgerCare was broadcast in the state's five major media markets during July 1999. The ad reached over 90 percent of the target audience, adults ages 25 – 45. During the first three months of BadgerCare implementation the Milwaukee BadgerCare hotline logged over 8,000 calls. When asked how they heard about BadgerCare, about 34 percent responded that they had seen the ad on TV, the single largest response group.

- BadgerCare brochures and posters were distributed with the message that the program provides health insurance for working families. More than 850,000 copies (also in Spanish and Hmong) had already been distributed to a statewide mailing list that included health care providers, public health departments, advocacy and other community organizations, economic support agencies, and school systems.

5) January 2000 – Present

- A second phase of the BadgerCare outreach effort included focusing on school-based outreach, continuation of outstationing, program simplification, establishing a statewide network in conjunction with the Covering Kids agency in Wisconsin, and implementation of program administrative efficiencies that will improve program access.

- In partnership with the Dane County Health Council, the Department implemented a two-year project to improve access to Medicaid and BadgerCare by simplifying applications. Simplification occurred by implementing reduced verification procedures and a mail-in application process. Additionally, we implemented outreach efforts for target groups, focusing on the growing Latino population in Dane County and provided enrollment assistance to other underinsured groups. The project goals have been:

  - design and test a simplified mail-in application process and reduced verification;
  - outreach to families from targeted communities who are hard to reach;
  - design a proactive system to reach families and keep them attached; and
  - eliminate barriers to application for the customers and reduce workloads for the staff.

  Program timeframe
  Outreach phase – March 2001 through December 2002.
  Simplified application test and evaluation phase – March 2001 through July 2001. Simplified application processing will continue and be assimilated into statewide simplification when it occurs in July 2001.

Main Target Population
Latino Families

- **Program simplification initiatives.** These efforts (implemented July of 2001) were as follows:

  - reduced verification requirements to simplify the application and review process and to minimize delays;
  - simplified application forms – short form is being developed;
  - expanded use of mail and phone applications;
  - improved computer-generated notices to reduce confusion and promote informed decision making – requires CARES changes that are under development; and
  - expanded outstationing opportunities to improve access.

- Expand the scope of work with the Robert Wood Johnson grant in order to build a statewide customer-focused infrastructure to improve local Medicaid and BadgerCare service delivery. The contract (April 2000-June 2002) was with ABC and accomplished the following:

  - Expanded coalition coverage statewide;
  - Implemented Statewide training to compliment AHSI and DES training efforts;
  - Provided Technical assistance for capacity building and project replication;
  - Provided benefits counseling services statewide;
  - Established an inter-active website;
  - Established 20 community sites throughout Milwaukee for benefits counseling and application access to Medicaid/BadgerCare, Food Stamps and ChildCare;
  - Established regional sites (corresponding to Department regions) for benefits counseling and network building using a toll free number;
  - Worked with hard to reach populations, such as migrant families; and
  - Assisted with the monitoring and implementation of a simplified mail-in application process.

Benefits

BadgerCare is a Medicaid expansion program. The Wisconsin Medicaid benefit package is among the most comprehensive and extensive in the nation, offering every optional Medicaid medical service except Christian Science nursing services. A complete list of mandatory and optional benefits and services under the State's Medicaid program is shown in Appendix B.

Most BadgerCare families are enrolled in the Wisconsin Medicaid managed care Health Maintenance Organization (HMO) program. However, BadgerCare can pay premiums to enroll families into their employer-sponsored health insurance. To qualify for the Health Insurance Premium Purchase (HIPP) program, the employer must pay at least 40 percent, but less than 80 percent, of a family premium. In addition, the cost of the family premium, plus wraparound services equal to BadgerCare coverage, must be cost-effective compared to BadgerCare HMO coverage for the family. As of February 2003, 104 families were enrolled in HIPP.

Families with an income at or above 150 percent of the FPL pay a premium equal to 3 percent of their income.

Prior to receiving a federal waiver, BadgerCare extended Medicaid coverage to all Omnibus Reconciliation Act (OBRA) children through the age of 18 years old in families with income under 100 percent of the FPL. Under provisions of OBRA, however, these children were phased into Medicaid in 2002.

Cost Sharing

Currently, 14.2 percent of all adults enrolled in BadgerCare pay a monthly premium equal to three percent of their income. Under BadgerCare guidelines families with income that is at 150 percent of FPL, or exceeds 150 percent of FPL, must pay a monthly premium of 3 percent of family income. Premiums are collected monthly. Those in managed care organizations do not have copays or deductibles. Those enrolled in BadgerCare on a fee-for-service basis have the same co-pay requirements as those in the State's Medicaid program.

Delivery Networks

Currently there are 13 HMOs participating in BadgerCare. Approximately 72 percent of all BadgerCare recipients are enrolled in an HMO. The remaining 28 percent receive BadgerCare on a fee-for-service basis.

A person enrolled in BadgerCare must enroll in an HMO if they live in a county where there are two or more participating HMOs. For those living in a county with one HMO, recipients have the option of electing enrollment in the HMO, or obtaining care under a fee-for-service arrangement. Those living in a county with no HMO are covered through fee-for-service. Currently, there are 13 HMOs participating in BadgerCare. The following represents the HMOs in BadgerCare:

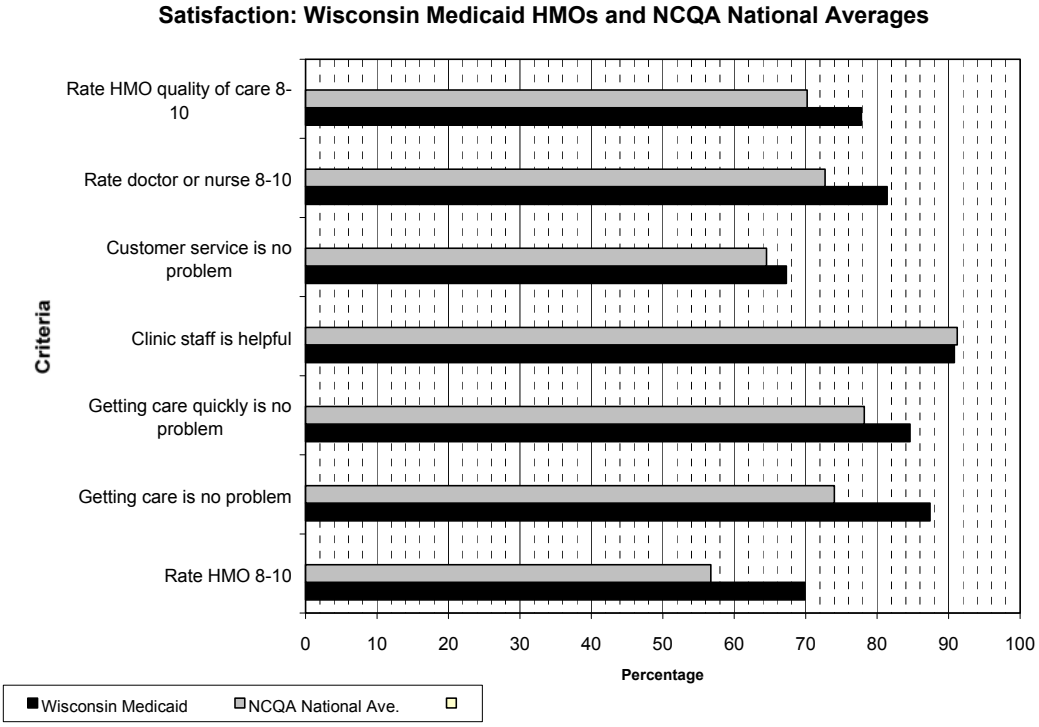
- Atrium Health Plan
- Dean Health Plan
- GHC of Eau Claire County
- GHC of South Central Wisconsin
- Health Tradition Health Plan (formerly: Greater La Crosse Health Plans)
- Managed Health Services
- Mercy Care Health Plan
- Network Health Plan
- Security Health Plan
- Touchpoint Health Plan
- UnitedHealthcare of Wisconsin
- Unity Health Plan
- Valley Health Plan

6) Evidence of Beneficiary Satisfaction

Wisconsin completed its first statewide CAHPS®[1] (Consumer Assessment of Health Plans) Enrollee Satisfaction Survey in 2000. This was the first time Wisconsin conducted the survey, and therefore represents the baseline with which future CAHPS survey results will be compared. The first survey showed that consumer satisfaction with key aspects of care and service provided by HMOs in the Wisconsin Medicaid/BadgerCare program exceeded NCQA-reported national averages in all areas but one.

To allow for some frame of reference, Wisconsin compared its results on key indicators with results achieved by HMOs nationwide reported in the NCQA® *State of Managed Care Quality2000.*[2]

Chart 1 below summarizes those results



Since enrollment in BadgerCare had only begun in July 1999, no enrollees met the enrollment criteria for inclusion in the initial survey. However, the HMOs assessed in the Medicaid CAHPS® survey are the same HMOs serving BadgerCare enrollees. The survey did not include fee-for-service delivery system recipients.

Wisconsin has recently completed administering a new statewide CAHPS® enrollee satisfaction survey. This survey includes BadgerCare enrollees, sampled separately from other low-income families with Medicaid enrollees to allow specific analysis. It also

[1] CAHPS is a registered trademark of the Agency for Healthcare Research and Quality, a U.S. government agency.
[2] Use of data from the *State of Managed Care Quality 2000* report by permission of NCQA.

provides for sampling of beneficiaries in the fee-for-service system. The final report on the results of this survey will be available in the second quarter of CY 2003.

The full report on Wisconsin's 1999-2000 statewide Medicaid CAHPS® enrollee satisfaction survey may be viewed at the following web site: http://www.dhfs.state.wi.us/medicaid1/recpubs/cahps/cahps.htm.

Enrollee Satisfaction with Behavioral Health/Substance Abuse Care

Access to specialty services for mental health and substance abuse is essential in any health care delivery system. The Medicaid program has an interest in assessing both access to care and quality of care in these important areas. Part of the information required to perform this assessment is available as objective utilization data. Additional important data for the assessment can be obtained from enrollees by means of a survey.

In 1999-2000, an enrollee satisfaction survey was conducted for HMO enrollees with respect to mental health and substance abuse specialty care services. Overall satisfaction with mental health and substance abuse services shows three out of four respondents indicated they were either "very" or "somewhat" satisfied with services. Respondents indicated satisfaction with the progress of their treatment by a nearly identical margin. Only 6.6 percent of respondents were very dissatisfied overall and only 4 percent indicated they were very dissatisfied with their treatment progress.

Satisfaction with clinic performance was even higher with over 87 percent of respondents indicating they would recommend their clinic to a friend. A nearly identical percentage indicated they were hopeful for recovery. Seventy-eight percent of respondents strongly agreed, or agreed somewhat, that clinics returned calls within 24 hours.

In addition, with eight out of ten respondents indicated they could get an appointment when they wanted one. Fewer than one out of four enrollees agreed that they had to wait too long in the reception area when they had an appointment and three out of four respondents said they got all the care they needed.

7) Documentation of Adequacy and Effectiveness of the Service Delivery System (Including Subcontractor Performance)

Wisconsin's new rapid-cycle performance measure system called MEDDIC-MS, the *Medicaid Encounter Data Driven Improvement Core Measure Set,* includes measures that reflect access to key primary care, preventive care and specialty care services for children and adults in Medicaid/BadgerCare. Profiles of women's health care and children's preventive care for children will be published in 2003 using MEDDIC-MS administrative data.

The table below shows the results of selected MEDDIC-MS access indicators compared to similar measures in HEDIS®.[3] While the measures shown below are *similar,* methodological differences require that comparisons be made for *a frame of reference only*. The data include Medicaid and BadgerCare enrollees.

[3] HEDIS® the Healthplan Employer Data Information Set is a set of managed care performance measures developed by NCQA, the National Committee for Quality Assurance.

MEASURE	MEDDIC-MS	HEDIS®
Childhood immunizations	Full immunization: **37.1%** Substantial immunization: 22.3 % Total: **59.4 %** Incomplete immunization: 40.5 %	Combo 1 (mean): **51.3%** Compare to MEDDIC-MS Total Combo 2 (mean): **38.1%** Compare to MEDDIC-MS full
Blood lead toxicity tests	One year olds: **59.9%** Two year olds: **47.7%**	No measure.
Mental Health or Substance Abuse inpatient stay follow-up at 7 & 30 days after, ages 6-20, 21+	(Age cohorts combined) **Specialist:** 7 days: **24.4%,** 30 days: **48.6%** **PCP:** 7 days: **1.3%,** 30 days: **4.7%** **Unspecified provider:** 7 days: **3.9%,** 30 days: **6.7%**	Mental health diagnosis only (HEDIS does not measure substance abuse after-care) by specialists: 7 days: **34.07%,** 30 days: **57.28%**
Women's health maternity care	Cesarean Sections: **12.9%** VBAC: **8.6%** Substance abuse care: **1.9%** HIV test: **16.6%**	C-sections: **16.57%** VBAC: **39.02%** HEDIS® has no measure for substance abuse care or HIV testing in maternal care.
Women's health Mammography	Age 40-49: **22.9%** 50+: **32.4%**	Age 52-69: **53.7%**
Malignancies of the breast detected	Age 40-49: **0.5%** 50+: **1.9%**	No measure.
Pap test—cervical cancer screening	Age 18+: **24.9%**	Age 21-64: **57.5%**
Malignancies of the cervix or uterus detected	Age 18+: **0.58%**	No measure.
Well-child ambulatory care	**73.0%** of children had one or more well-child encounter. By age cohort: < 1 year of age: 69.9% 1-2 years: 84.3% 3-5 years: 78.1% 6-14 years: 67.5% 15-20 years: 71.2%	By age cohort: 1-2 years: 85.2% 3-6 years: 73.3% 7-11 years: 75.9%
Mental Health and substance abuse services (MEDDIC-MS age cohorts are 0-18 years and 19+)	Mental health or substance abuse evaluation: **3.5%** Mental health day/outpatient treatment with a mental health/substance abuse specialty provider: **5.8%** Mental health day/outpatient treatment with a PCP or unspecified provider**: 3.9%** Substance abuse day/outpatient treatment encounter with a specialty provider: **0.2%** Substance abuse day/outpatient treatment encounter with a PCP or unspecified provider: **0.4%**	Mental health day/night care or ambulatory care by a specialist: **5.66%** (all age cohorts) Substance abuse day/outpatient treatment encounter with a specialty provider: **0.84%** (all age cohorts)

Care Analysis Projects

Wisconsin Medicaid continues to develop Care Analysis Projects (CAP) and targeted interventions based on systematic data analysis of specific outcome measures. CAP reports provide care management information and support to Medicaid and Badger Care Managed Care Organizations and fee-for-service providers. The goal of CAPs and targeted interventions is to improve care delivery and the health status of Medicaid and Badger Care enrollees by increasing the rate at which enrollees receive recommended preventive and screening services, and closing the gap between recommended treatment and actual treatment.

Asthma and Diabetes CAPs were completed in 2002. HMO-specific reports were provided to the medical director and contract administrator of each Medicaid participating HMO. Wisconsin Medicaid will continue to monitor trends in the quality of asthma and diabetes care management over time. Targeted interventions for asthma, diabetes, and lead screening for one and two year olds were successful and demonstrated that managed care encounter data and FFS paid claims data can be analyzed to identify enrollees in need of clinical intervention.

Plans for 2003 CAPs include completing an Asthma CAP based on 2002 administrative data, and comparing those results to results from 2000 and 2001. In addition, an analysis of the quality of care management for acute myocardial infarction will be conducted. Targeted interventions for asthma, diabetes, and lead screening will continue, along with implementation of a managed care tobacco intervention. Attached in Appendix C is sample CAP report on Asthma.

8) Quality

In addition to the monitoring summarized above involving encounter data-driven standardized performance measures, the State conducts quality audits and case reviews through external quality review.

Wisconsin utilizes an external quality review organization (EQRO) in several roles for both FFS and managed care review. FFS review includes inpatient review of all elective admissions for appropriateness and quality of care. The review concentrates on short stays (less than 48 hours), re-admissions within 31 days, and a random sample of urgent and emergent admission to the hospital. The random sample of urgent and emergent admission review is also provided for MCO enrollees.

Review of all inpatient psychiatric admissions for recipients under the age of 21 years for medical necessity is performed for FFS recipients by the EQRO.

Review of all inpatient admissions for FFS mental health and/or substance abuse treatment for medical necessity and quality of care is provided by the EQRO.

EQRO managed care review includes encounter data validity audits, focused clinical quality reviews, and review of the performance improvement project reports submitted by the HMOs. The EQRO is active in projects monitoring services to BadgerCare recipients in both the HMO program and in the fee-for-service delivery system.

In addition to retrospective quality monitoring, Wisconsin has developed a system to help identify the special health care and cultural needs of new enrollees in the HMO delivery system in order to improve access to appropriate services.

The Department has also developed a Medicaid QI activity tracking database. Projects in the database are updated on a regular basis and this report is generated monthly. The report is used to track and report the progress of identified QI projects. An updated copy of our QI Activity Tracking Report is attached in Appendix D.

New HMO Enrollee Needs Assessment: Identification of Special Health and Cultural Needs

Improving the health of Medicaid/BadgerCare enrollees is the ultimate goal of the managed care program. Achieving that goal is dependent on the HMO and its provider network being able to conduct effective outreach to their enrollees, particularly in the period immediately following enrollment.

HMOs often report difficulty reach out to their Medicaid enrollees due to enrollees frequent relocation, unique culteral or language needs, or periodic loss of telephone service if telephone service is used.

Wisconsin developed a tool called the Health Needs Screening Brief Enrollee Survey in 2001. The state's enrollment broker administers the survey at the point of HMO enrollment by both phone and mail. The data is shared electronically with the HMO to alert the HMO to special health care needs of their new enrollees, facilitate improved outreach by identifying language and cultural needs, alternative contact information and improve linkage of enrollees to services. Attached in Appendix E is the enrollee survey.

HMO Performance Improvement Projects

Performance improvement projects conducted by HMOs are a central part of Wisconsin's quality assessment/performance improvement strategy. These initiatives have a direct effect on population health in the Medicaid/BadgerCare program. Evaluation of performance improvement project reports provides the Department with insight not only into the effectiveness of the interventions being described, but into the sophistication and capability of the HMO's quality improvement program.

Overall effectiveness of HMO performance improvement projects is reflected in the fact that 73 percent of the intervention project reports from 1997 to 2000 resulted in improved performance. However, the number of intervention reports dropped in CY 2000 after trending up from CY 1997 to CY 1999. This occurred as some HMOs repeated baseline studies due to methodological changes or dropped study topics after completing a baseline. This problem has been addressed, in part by the implementation of MEDDIC-MS and its mandatory performance improvement projects in measure areas where HMO performance fails to meet the Department's goal for the measure. In MEDDIC-MS, the rate reported on the measure based on 2002 encounter data is the baseline and the required report must be on HMO performance improvement initiatives.

The Wisconsin Medicaid program currently partners with 13 Wisconsin managed care organizations to bring high quality health care to Wisconsin citizens enrolled in BadgerCare and Medicaid. As part of Wisconsin's Medicaid quality improvement efforts, each HMO is required to conduct two Performance Improvement Projects annually. Each study selects a health care issue of high relevance to Medicaid/BadgerCare recipients and is designed to improve care delivery. These Performance Improvement Projects have the potential to identify "best practices" that can then be reproduced throughout the Wisconsin Medicaid/BadgerCare system.

Each Performance Improvement Project is submitted for review by the Wisconsin Medicaid program. The "best of the best" are then showcased at a "Best Practices Seminar", a public forum for the presentation and discussion of selected studies. These studies are promoted to others as examples of sound performance improvement projects that can impact the quality of care provided to Wisconsin Medicaid/BadgerCare recipients. Attached in Appendix F is a copy of the Best Practices Seminar registration form for the upcoming seminar in May 2003.

9) Compliance with the Budget Neutrality Cap

Budget Neutrality Waiver Terms and Conditions

The following spreadsheets will demonstrate and satisfy the CMS requirement that Wisconsin's 1115(a)(2) demonstration waiver for BadgerCare is budget neutral as required in the Terms and Conditions agreed to by the State of Wisconsin and CMS. The terms and conditions stipulate that the term "expenditures subject to the budget neutrality cap" include all Medicaid expenditures on behalf of the adult BadgerCare population under the demonstration, which includes both expenditures for the expansion population in a Managed Care Organization (MCO) and expansion individuals eligible but not enrolled in an MCO.

The Terms and Conditions further stipulate that the calculation of the budget neutrality limit will be based on trending the Wisconsin 1999 calendar year Per Member Per Month (PMPM) cost estimate of $121.23 forward at an annual rate of 3.48 percent. The Terms and Conditions further state that "CMS shall enforce budget neutrality over the life of the demonstration, rather than on an annual basis. However, no later than six months after the end of each demonstration year CMS will calculate an annual expenditure target for the completed year."

Calendar Year 1999 Base Period PMPM Cost

The base period cost of $121.23 was developed consistent with the Wisconsin managed care rate setting methodology and payment structure at the time the waiver was submitted to CMS. This rate setting methodology relied on a single, aggregate capitated rate cell for both children and adults. In our negotiations with CMS, we made clear that our rates were aggregate and represented the estimate of the health care resource consumption for both adults and children. Wisconsin, consistent with the Balanced Budget Act of 1997, has since restructured its rate setting methodology to pay PMPM capitation rates based on risk adjusted age gender cohorts and discontinue the single aggregate rate payment methodology.

In order to assure that the budget neutrality cap is being measured against the requirement that it reflect Title XIX expenditures during the demonstration period, it is necessary to disaggregate the PMPM base period cost of $121.23 into its actuarially equivalent adult only Title XIX cost component. The disaggregation is based on actuarially determined age gender weighting factors as developed by our consulting actuaries Milliman USA. The factors are the same factors that are used in our rate setting methodology for setting our current BadgerCare managed care program capitation rates and are representative of the differences in cost between serving adults and children. The following illustrates the 1999 base period aggregate adult child PMPM included in our approved BadgerCare waiver restated into its 1999 equivalent adult only Title XIX disaggregated rate for the same period. Using the approved annual trend rate of 3.48 percent applied to the 1999 equivalent adult Title XIX PMPM, we satisfy the budget neutrality requirement through Demonstration year three. We are also providing you with the target PMPM cost for the adult/child single aggregate rate that is referenced in the waiver document.

Waiver Years	Title XIX Adult Only Target PMPM	Title XIX Adult Only Actual PMPM	Adult Child Target PMPM
1999 Base Year	$168.08		$121.23
Demo Year 1	$170.99	$155.05	$123.33
Demo Year 2	$176.94	$134.10	$127.62
Demo Year 3	$183.10	$151.75	$132.06

Re-Calculating the Base Rate for Age Characteristics

The original waiver calculated a budget neutrality target for all populations served under the BadgerCare waiver, including children funded under Title XXI. Because neutrality is only measured against the Title XIX population, the budget neutrality target was understated for the covered population. However, the single aggregate capitation rate accurately reflected the budget neutrality target through March 2002, because fee-for-service costs for children were excluded while fee-for-service costs for adults were included in the measurement of budget neutrality, the target PMPM did not represent the population measured under budget neutrality.

Those enrolled in fee-for-service incurred costs as is typical for age-adjusted medical costs. Because only adults were subject to budget neutrality and 30 to 40 percent of the adults were not enrolled in managed care, actual costs were predictably higher than the budget neutrality limit. In addition, given the actual health care cost trends over the past four years, our managed care discounts have reached levels that are not sustainable going forward and, if not addressed, may threaten the continued participation of our contracted HMOs.

Exhibit 1 re-calculates the blended managed care rate into an adult/child rate. This calculation multiplies enrollment in BadgerCare for calendar year 2001 by the age and gender factors that the State's contracted actuary, Milliman USA, developed for 2003 capitation rates. Next, the population by age and gender was multiplied by the 2003 equivalent cost for all individuals ($153.73) to generate total costs for children (under 21) and adults (21 and over). These data created age and gender factors of 0.495 for children and 1.257 for adults.

Next, because the base rate of $121.23 represented a greater percentage of children (46 percent children and 54 percent adults in the original waiver application), the base rate was adjusted to reflect the actual managed care enrollment of 34 percent children and 66 percent adults. Adjusting for this enrollment generated an adult budget neutrality limit of $168.08.

Summary of Expenditures for Demonstration Year One through Three

Exhibit 2 depicts total enrollment months and total expenditures for the Title XIX population. On January 18, 2001, a waiver amendment was granted that allowed the State to use Title XXI funds to pay for medical costs for adults with incomes over 100 percent FPL. As a result, the population covered under the Title XIX waiver changed in the middle of Demonstration year 2 from All Adults to only Adults with Incomes at or Below 100 percent FPL. Exhibit 2 lists both populations. Prior to Jan. 18th, 2001, the population was separated by above and below 150 percent FPL because only those with income above 150 percent FPL pay a premium for BadgerCare coverage.

Exhibit 3 compares the per-person cost for the demonstration population to the original budget neutrality limit and the re-calculated Adult Target PMPM. Further, a budget neutrality limit was calculated based on the percent of enrollment in managed care and fee-for-service. This was calculated to represent a budget neutrality limit that replicates how the State reimbursed managed care organizations and fee-for-service providers for the period July 1, 1999 through April 1, 2002. The calculation, as shown on Exhibit 2, is the percent of enrollment in managed care multiplied by the single rate under the budget neutrality section of the Terms and Conditions added to the product of the percentage enrolled in fee-for-service and the Adult Target PMPM as re-calculated in Exhibit 1. The percentage enrolled is based on actual enrollment for the demonstration year. This fee-for-service and managed care neutrality calculation was increased each year by the allowable inflation under the terms and conditions of the waiver.

Using this mix of fee-for-service and managed care cost as the Target PMPM, the limit in the third year would be $145.71. The three year cumulative cost for adults is $145.83, or a 0.08 percent deviation from the target. The target definition for the third year is 1 percent.

Exhibit 1
Calculating Adult/Child Rates for 1999 BadgerCare Waiver

Dis-aggregating Adult and Child Monthly Cost for CY 1999

CY 2001 HMO Enrollment

Year	Aid Cat.	Age	Gender	Member Months	Percent of Total
2001	BC	Age 0-14	A	164,729	24.0%
2001	BC	Age 15-20	F	39,982	5.8%
2001	BC	Age 15-20	M	26,538	3.9%
2001	BC	Age 21-34	F	187,833	27.4%
2001	BC	Age 21-34	M	62,788	9.1%
2001	BC	Age 35-44	F	100,384	14.6%
2001	BC	Age 35-44	M	50,612	7.4%
2001	BC	Age 45+	F	29,062	4.2%
2001	BC	Age 45+	M	24,486	3.6%
Total Member Months				686,414	100.0%

		(a)	(b)	(a) x (b)
Age	Gender	Percent of Total	Age/Gender Factor	Net Cost by Age/Gender
Age 0-14	A	24.0%	0.413052649	.099126402
Age 15-20	F	5.8%	0.804702322	0.046872016
Age 15-20	M	3.9%	0.538059509	0.020802349
Age 21-34	F	27.4%	1.176544408	0.321954194
Age 21-34	M	9.1%	0.612883756	0.056062005
Age 35-44	F	14.6%	1.567013774	0.229166524
Age 35-44	M	7.4%	1.084671661	0.079977101
Age 45+	F	4.2%	1.915699327	0.081108564
Age 45+	M	3.6%	1.820200971	0.064930845
				1.00
Calculating Total Costs for Population by Age				
2003 Equivalent Cost (Milliman Rate Paper)			$153.73	
Total Cost using a single rate for Children			$17,601,221	Enroll Mos. X Net Cost x 2003 Equivalent Cost
Total Cost using a single rate for Adults			$87,921,203	Enroll Mos. X Net Cost x 2003 Equivalent Cost

Calculating PMPM Cost by Age Group (Total Costs divided by member months)					
					Age Factor
				% of Total Population Enrolled	(Age Cost/Equiv Cost)
2003 PMPM Child (Single rate costs/Eligible Months)			$76.11	33.7%	0.495
2003 PMPM Adult (Single rate costs/Eligible Months)			$193.16	66.3%	1.257
				$153.73	
From Waiver Application:		CY 1999			
Budget Neutrality Limit		$121.23			
Estimated Enrollment - Children		46%			
Estimated Enrollment - Adults		54%			

RESTATING ORIGINAL BUDGET NEUTRALITY LIMIT BASED ON 2003 COSTS					
		Age Relativity	1999 Estimated Enrollment	CY 1999 Rate based	
		Factor	Percentage by Adult/Child	on relativities	
Re-stated Cost for Child		0.495	46%	$66.23	
Re-stated Cost for Adult		1.257	54%	$168.08	
				CY 1999 Rates x enrollment %	$121.23

Exhibit 2
Summary of Expenditures and Enrollment Months

		Demonstration Year (July to June):			
		1	2	3	4
		2000	2001	2002	2003
Enrollment Months					1st Quarter only
Parents at or below 150% FPL	Managed Care	180,297	181,341		
	Fee-for-Service	142,822	81,424		
Parents above 150% FPL	Managed Care	20,333	22,348		
	Fee-for-Service	19,243	12,962		
Parents at or below 100% FPL	Managed Care		119,054	259,897	62,932
	Fee-for-Service		46,987	94,846	23,265
Total Enrollment Months	Managed Care	200,630	322,743	259,897	62,932
	Fee-for-Service	162,065	141,373	94,846	23,265
	All Months	362,695	464,116	354,743	86,197
Expenditures					
Parents at or below 150% FPL	Managed Care	$22,706,692	$27,805,425		
	Fee-for-Service	$27,806,636	$18,563,848		
Parents above 150% FPL	Managed Care	$1,626,623	$1,096,822		
	Fee-for-Service	$4,095,161	$3,380,527		
Parents at or below 100% FPL	Managed Care		$5,126,651	$34,464,115	$13,624,001
	Fee-for-Service		$6,263,099	$19,366,805	$5,030,975
	All Services		$11,389,750	$53,830,920	$18,654,976
Total Expenditures	Managed Care	$24,333,315	$34,028,898	$34,464,115	$13,624,001
	Fee-for-Service	$31,901,797	$28,207,474	$19,366,805	$5,030,975
	All Services	$56,235,112	$62,236,372	$53,830,920	$18,654,976

Exhibit 3
Summary of Per Member Per Month Cost Compared to Budget Neutrality

		Demonstration Year (July to June):			
		1	2	3	
		2000	2001	2002	
Per-member, per-month Cost					
Parents at or below 150% FPL	Managed Care	$125.94	$153.33		
	Fee-for-Service	$194.69	$227.99		
Parents above 150% FPL	Managed Care	$80.00	$49.08		
	Fee-for-Service	$212.81	$260.80		
Parents at or below 100% FPL	Managed Care		$43.06	$132.61	$216.49
	Fee-for-Service		$133.29	$204.19	$216.25
	All Services		$68.60	$151.75	$216.42
All Title XIX Parents	Managed Care	$121.28	$105.44	$132.61	$216.49
	Fee-for-Service	$196.85	$199.53	$204.19	$216.25
	All Services	$155.05	$134.10	$151.75	$216.42
Three Year Cumulative PMPM	All Services			$145.83	
Budget Neutrality Targets					
Blended Adult/Child Target PMPM		$123.33	$127.62	$132.06	
Adult Target PMPM		$171.00	$176.95	$183.11	
Managed Care/FFS Target PMPM**		$144.63	$142.65	$145.71	
(based on actual enrollment for the year)					
Variance of three year Cumulative cost to Target				-0.08%	
Two Year Trend Rate	Managed Care			4.56%	
	Fee-for-Service			1.85%	
	Blended			3.84%	

**Managed Care/FFS Target represents a mix of the single capitation rate paid for HMO enrollees and the Adult Target PMPM (re-calculated in Exhibit 1 multiplied by fee-for-service enrollees.

The formula for this equation is:

Demo Year 1 = $123.33 x (Managed Care Enrollment Mos./Total Enrollment Mos.) + $171.00 x (Fee-for-Service Enrollment Months/Total Enrollment Months). Or….. $123.33 x (200,630/362,695) + $171.00 x (162,065/362,695) = $144.63.

Demo Year 2 uses the same actual enrollment multiplied by the Year 2 targets.

10) Adequacy of Financing and Reimbursement

Three-Year Forecast

Exhibit 4 depicts various scenarios for the five-year forecast and future calculation of budget neutrality. Exhibit 4 uses the historical costs for managed care and fee-for-service populations, with costs inflated by the President's budget, as well as the per person costs increased by the two-year historical trend under the BadgerCare waiver.

The waiver trend includes two scenarios. The first separates out the managed care trend for the two-year waiver period from the two-year fee-for-service trend. The second scenario simply blends these two trends into an annual trend rate of 3.84 percent for all services.

All forecasts use actual trends for Demonstration Year 2003. Also, for Demonstration Year 2004, trends are based on actual Calendar Year 2003 rate increases plus an anticipated managed care rate increase of 6.1 percent for Calendar Year 2004. This rate increase is necessary to sustain the BadgerCare managed care program. For Calendar Year 2003, managed care organizations serving BadgerCare recipients are paid an average of 14.5 percent less than the equivalent cost in fee-for-service. Continued low reimbursement will cause HMOs to withdraw from the program.

Exhibit 4

Enrollment and Medical Cost Forecast 2004 through 2009 - Using blended rate

		2003	2004	2005	2006	2007
Enrollment Months						
Parents at or below 100% FPL	Managed Care	254,152	269,389	276,709	284,227	291,950
	Fee-for-Service	92,750	99,637	102,344	105,125	107,982
	Total Enrollment	346,902	369,026	379,053	389,353	399,932
Enrollment Growth			6.4%	2.7%	2.7%	2.7%
Average per Person Cost with Medical Cost inflation based on the President's Budget – Adults						
Parents at or below 100% FPL	Managed Care	$189.47	$199.23	$216.36	$233.89	$251.66
	Fee-for-Service	$211.24	$222.12	$241.22	$260.76	$280.57
	Blended Rate	$195.29	$205.41	$223.07	$241.14	$259.47
Adult Trend Rate		3.45%	5.15%	8.60%	8.10%	7.60%
Average per Person Cost with Medical Cost Inflation based on the Waiver Trend						
Waiver Trend separated by Managed Care and Fee-for-Service Cost Trends						
Parents at or below 100% FPL	Managed Care	$189.47	$199.23	$209.85	$219.43	$229.44
	Fee-for-Service	$207.97	$211.81	$215.73	$219.72	$223.78
	Blended Rate	$194.42	$202.63	$211.44	$219.51	$227.91
Waiver Trend Rate for Parents	Managed Care	3.45%	5.15%	5.33%	4.56%	4.56%
	Fee-for-Service	1.85%	1.85%	1.85%	1.85%	1.85%
Waiver Trend based on blended Managed Care/Fee-for-Service Cost Trends						
Parents at or below 100% FPL	Managed Care	$189.47	$196.74	$204.29	$212.13	$220.27
	Fee-for-Service	$212.03	$220.17	$228.61	$237.39	$246.50
	Blended Rate	$195.50	$203.07	$210.86	$218.95	$227.35
	Blended Trend	3.84%	3.84%	3.84%	3.84%	3.84%

Assumptions:

Enrollment

Demo Year 2003 Enrollment is based on current forecasts for the fiscal year

Enrollment forecast for 2004 and beyond is based on state biennial budget estimate of Parents with incomes at or below 100% FPL separated by FFS and MC.

Waiver trend

Managed Care and Fee-for-Service trends are based on the Demo Year 2000 to Demo year 2002 per capita trend.

Blended Trend is based on a weighted average of fee-for-service and managed care trend for Demo Year 2000 to 2002. Weights are based on total enrollment in Demo Year 2002.

Year 2003 Trend Rate is based on Actual HMO rate increases for CY 2002 and CY 2003.

Year 2004 Trend Rate is based on Actual CY 2003 rate increase plus a CY 2004 rate increase of 6.1%. This increase is necessary to reduce unsustainable rates that jeopardize the managed care program. The average discount from fee-for-service costs for CY 2003 in the BadgerCare managed care program is 14.5%.

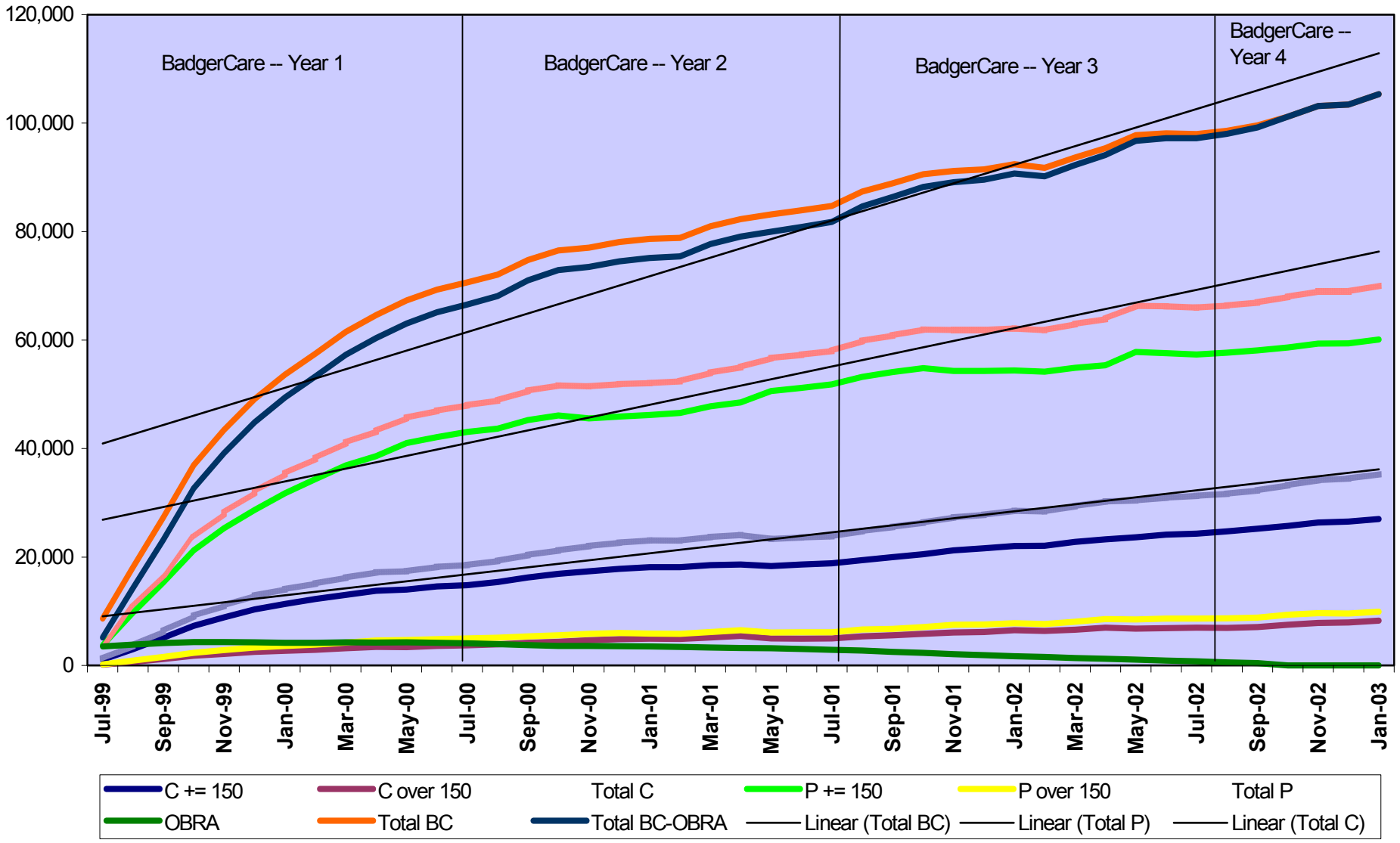
Appendix A

The graph on the following page shows enrollment in BadgerCare from July 1999 to February 2003. Following the steep uptake in enrollment during the first year of BadgerCare, the most notable element of this enrollment graph is the lack of sharp peaks or troughs. Rather, enrollment in BadgerCare, as indicated by the respective trend lines, is that enrollment has grown at a fairly steady pace. According to the data, enrollment in BadgerCare has increased at a monthly average of 2,286 people. If the high growth first year is subtracted from this total, average monthly enrollment increased by 1,230 people. We believe it is this figure that represents a more accurate portrayal of average enrollment growth in BadgerCare.

The monthly average enrollment declined in almost each year of the BadgerCare program. For example, in the high growth start up year of BadgerCare from July 1999 through June 2000, enrollment in BadgerCare increased by an average of 5,454 people per month. In the second year, from July 2000, to June 2001, this growth dropped to an average enrollment increase of 1,309 people per month. In the third year of BadgerCare, average enrollment increased slightly to 1,361 people per month. The first eight months of the fourth year of BadgerCare saw enrollment growth again slowing to an average enrollment gain of 1,018 people per month.

The graph demonstrates that, overall, enrollment growth in BadgerCare has remained rather constant. While at some point we expect to see monthly BadgerCare enrollment growth stabilize, we have not seen indications of this stabilization yet.

BadgerCare Enrollment
July 1999 to January 2003



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Appendix B

Appendix C

Appendix D

Appendix E

Appendix F